

# SENATE JOURNAL

OF THE

## IDAHO LEGISLATURE

SECOND REGULAR SESSION  
SIXTY-FIRST LEGISLATURE

**FIRST LEGISLATIVE DAY  
MONDAY, JANUARY 9, 2012**

Senate Chamber

At the hour of 12 noon on Monday, January 9, 2012, the time established for the convening of the Second Regular Session of the Sixty-first Idaho Legislature, the members of the Senate convened in the Senate Chamber of the Capitol in the City of Boise, President Brad Little presiding.

The following Certificate of Election was read by the Secretary of the Senate:

STATE OF IDAHO  
OFFICE OF THE SECRETARY OF STATE

### CERTIFICATE OF ELECTION

I, Ben T. Ysursa, Secretary of State of the State of Idaho and legal custodian of the records of elections held in the State of Idaho, do hereby certify that the following is a full, true, and complete list of those elected to serve as members of the Senate of the Second Regular Session of the Sixty-first Legislature, as shown by official records on file in my office:

DISTRICT	NAME
1 .....	Shawn Keough (R)
2 .....	Joyce M. Broadword (R)
3 .....	Steve Vick (R)
4 .....	John W. Goedde (R)
5 .....	James C. "Jim" Hammond (R)
6 .....	Dan J. Schmidt (D)
7 .....	Dan G. Johnson (R)
8 .....	Sheryl L. Nuxoll (R)
9 .....	Monty J. Pearce (R)
10 .....	John McGee (R)
11 .....	Melinda S. Smyser (R)
12 .....	Curt McKenzie (R)
13 .....	Patti Anne Lodge (R)
14 .....	Chuck Winder (R)
15 .....	John C. Andreason (R)
16 .....	Les Bock (D)
17 .....	Elliot Werk (D)
18 .....	Mitch Toryanski (R)
19 .....	Nicole LeFavour (D)
20 .....	Shirley McKague (R)
21 .....	Russell M. Fulcher (R)
22 .....	Tim Corder (R)
23 .....	Bert Brackett (R)
24 .....	Lee Heider (R)
25 .....	Michelle Stennett (D)

26 .....	Dean L. Cameron (R)
27 .....	Denton Darrington (R)
28 .....	Steve Bair (R)
29 .....	Diane Bilyeu (D)
30 .....	Edgar J. Malepeai (D)
31 .....	John Tippets (R)
32 .....	Dean M. Mortimer (R)
33 .....	Bart M. Davis (R)
34 .....	Brent Hill (R)
35 .....	Jeff C. Siddoway (R)

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of Idaho. Done at Boise, the Capital of Idaho, this Fourth day of January, in the year of our Lord, two thousand and twelve, and of the Independence of the United States of America, the two hundred and thirty-sixth.

/s/ BEN T. YSURSA  
Secretary of State

The Certificate of Election was ordered filed in the office of the Secretary of the Senate.

Roll call showed all members present except Senators Andreason and Pearce, absent and excused.

Prayer was offered by Chaplain Keith Buhler, The Church of Jesus Christ of Latter-day Saints.

President Pro Tempore Hill provided a brief history of the Idaho State flag flown over the domes of the House and Senate Chambers during each session of the Legislature. He explained that the flags represent the spirit of our citizens and serve as a symbol of Idaho's sovereignty. They further serve notice to the State that the Legislature, the elected representatives of all the citizens of Idaho, is in session. The flags are raised when the Legislature convenes and will be retired when the Legislature adjourns *sine die*. On request by President Pro Tempore President Pro Tempore Hill, granted by unanimous consent, The Idaho State Police Honor Guard entered the Chamber.

The Pledge of Allegiance was led by Sarah Jane McDonald, Sergeant-at-Arms. President Little presented the Idaho State flag to the Honor Guard to be raised above the Senate Chamber to fly during the Second Regular Session of the Sixty-first Idaho Legislature and the Honor Guard exited the Chamber.

A musical presentation of Our *National Anthem* was sung by Allie Hill.

The *Idaho State Song* was sung by: Carlee Coulson, Brennen Coulson, Cameron Coulson, Heather Duke, Allie Hill, Cameron Hill, James Hill, Emily Perez, Camden Schafer, Egan Schafer, McKenzie Westergard and Sarah Williams. Accompanists: Heath Maus and Max Maus.

On request by Senator Davis, granted by unanimous consent, the Senate advanced to the Eighth Order of Business.

### Messages from the Governor

December 20, 2011

The Honorable Brad Little  
President of the Senate  
Idaho Legislature

Dear Mr. President:

I have the honor to inform you that I have appointed Daniel Johnson of Lewiston, Idaho, to the office of State Senator for

Legislative District 7. The appointment is effective December 20, 2011.

As Always - Idaho, *Esto Perpetua*  
/s/ C.L. "Butch" Otter  
Governor

THE OFFICE OF THE GOVERNOR  
EXECUTIVE DEPARTMENT  
BOISE, IDAHO  
**CERTIFICATE OF APPOINTMENT**

KNOW ALL MEN, by these Presents, that pursuant to the provisions of Section 59-904A, *Idaho Code*, the District 7 Legislative Committee of the Republican Party has submitted a list of three names for consideration in filling a vacancy in the Idaho State Senate.

NOW, THEREFORE, I, C.L. "Butch" Otter, Governor of the State of Idaho, by virtue of the authority vested in me do hereby appoint Daniel Johnson of Lewiston, Idaho, to the office of State Senator, District 7, Nez Perce, State of Idaho, for a term commencing on December 20, 2011, and continuing until the next general election when the term of office expires.

IN TESTIMONY WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the State of Idaho.

Done at Boise, the Capital of Idaho, this Twentieth day of December, in the year of our Lord two thousand and eleven and of the Independence of the United States of America, the two hundred and thirty-sixth year.

/s/ BY THE GOVERNOR C.L. "BUTCH" OTTER  
/s/ SECRETARY OF STATE BEN T. YSURSA

The correspondence and Certificate of Appointment were ordered filed in the office of the Secretary of the Senate.

The President announced that the Oath of Office had been administered previously to Senator Johnson.

Senators Andreason and Pearce were recorded present at this order of business.

On request by Senator Davis, granted by unanimous consent, the Senate advanced to the Tenth Order of Business.

**Motions and Resolutions**

Moved by Senator Davis, seconded by Senator Malepeai, that Jennifer Novak be elected Secretary of the Senate for the Second Regular session of the Sixty-first Idaho Legislature.

Roll call resulted as follows:

AYES—Andreason, Bair, Bilyeu, Bock, Brackett, Broadsword, Cameron, Corder, Darrington, Davis, Fulcher, Goedde, Hammond, Heider, Hill, Johnson, Keough, LeFavour, Lodge, Malepeai, McGee, McKague, McKenzie, Mortimer, Nuxoll, Pearce, Schmidt, Siddoway, Smyser, Stennett, Tippets, Toryanski, Vick, Werk, Winder. Total - 35.

Whereupon the President declared that the motion did prevail and Jennifer Novak was elected Secretary of the Senate for the Second Regular session of the Sixty-first Idaho Legislature.

The President administered the Oath of Office to Secretary Novak.

On request by Senator Davis, granted by unanimous consent, President Little appointed a committee consisting of Senator Smyser, Chairman, and Senator Schmidt to escort the committee

from the House of Representatives into the Senate Chamber. Representatives Henderson, Thompson, and Cronin informed the Senate that the House is now organized and ready to conduct business.

The Senate committee was discharged.

On request by Senator Davis, granted by unanimous consent, President Little appointed a committee consisting of Senator Bair, Chairman, and Senators Heider and Werk to notify the Governor that the Senate is now organized and ready to conduct business.

The committee was excused.

On request by Senator Davis, granted by unanimous consent, President Little appointed a committee consisting of Senator Siddoway, Chairman, and Senators Mortimer and Bilyeu to notify the House of Representatives that the Senate is now organized and ready to conduct business.

The committee was excused.

The committee appointed to wait upon the Governor returned and reported that the Governor sent his best wishes to the Senate members.

The committee was discharged.

The committee appointed to wait upon the House of Representatives returned and reported that they had conveyed the message to the House and the House expressed their best wishes for a productive session.

The committee was discharged.

On request by Senator Davis, granted by unanimous consent, the Senate returned to the Ninth Order of Business.

**Messages from the House**

January 9, 2012

Dear Mr. President:

I transmit herewith [HCR 29](#), which has passed the House.

ALEXANDER, Chief Clerk

[HCR 29](#) was filed for first reading.

On request by Senator Davis, granted by unanimous consent, the Senate advanced to the Eleventh Order of Business.

**Introduction, First Reading, and Reference of Bills,  
House Petitions, Resolutions, and Memorials**

[HCR 29](#), by Moyle and Rusche, was introduced and read at length.

On request by Senator Davis, granted by unanimous consent, all rules of the Senate interfering with the immediate consideration of [HCR 29](#) were suspended.

The President declared the rules suspended and announced that [HCR 29](#) was now before the Senate for final consideration. The question being, Shall the resolution be adopted?"

Moved by Senator Davis, seconded by Senator Malepeai, that [HCR 29](#) be adopted. The question being, "Shall the resolution be adopted?"

Roll call resulted as follows:

AYES—Andreason, Bock, Brackett, Broadsword, Cameron, Corder, Darrington, Davis, Fulcher, Goedde, Hammond, Hill, Johnson, Keough, LeFavour, Lodge, Malepeai, McGee, McKague, McKenzie, Nuxoll, Pearce, Schmidt, Smyser, Stennett, Tippetts, Toryanski, Vick, Winder. Total - 29.

NAYS—None.

Absent and excused—Bair, Bilyeu, Heider, Mortimer, Siddoway, Werk. Total - 6.

Total - 35.

Whereupon the President declared [HCR 29](#) adopted, title was approved, and the resolution ordered returned to the House.

On request by Senator Davis, granted by unanimous consent, the Senate went at ease for the purpose of attending a joint session to hear the Governor's State of the State and Budget Address.

### JOINT SESSION

Pursuant to **HCR 29**, the hour of 1 p.m. having arrived, the members of the Senate entered into the House Chamber, and met in Joint Session with Speaker Denney presiding.

Roll call of the House showed all members present.

Roll call of the Senate showed all members present.

Prayer was offered by House Chaplain Tom Dougherty.

On request by Representative Moyle, granted by unanimous consent, the Speaker appointed three committees to wait upon the Supreme Court Justices and Appellate Court Judges, the elected officials, and the Governor and escort them to the House Chamber.

The Speaker appointed Senators Darrington and Bock and Representatives Wills and Burgoyne as the committee to wait upon and escort the Supreme Court Justices and Appellate Court Judges to the House Chamber.

The Speaker excused the committee.

The Speaker appointed Senators Winder and Stennett and Representatives Boyle and Killen as the committee to wait upon and escort the elected officials to the House Chamber.

The Speaker excused the committee.

The Speaker appointed Senators Davis and Malepeai and Representatives Moyle and Rusche as the committee to wait upon and escort the Governor to the House Chamber.

The Speaker excused the committee.

The committees appointed by the Speaker returned and escorted the Supreme Court Justices, Appellate Court Judges, the elected officials, and the Governor into the House Chamber where they were presented to the Joint Session by the Speaker.

The Speaker introduced His Excellency, the Governor of the State of Idaho, C.L. "Butch" Otter, and the following **State of the State and Budget Address** was delivered by the Governor:

Mr. Speaker, Mr. President, Honorable Justices, my fellow constitutional officers, distinguished legislators and members of my Cabinet, honored guests, friends, my family and our First Lady my fellow Idahoans.

I am here today to report on my view of our state, and to provide you with recommendations for the coming year.

It is my pleasure to report that Idaho - having been tested by the Great Recession - now is emerging leaner, stronger, more resilient and better prepared to compete, prosper and prevail in the years to come.

Thank you for your leadership and for your partnership in guiding Idaho through a trying time for the people we serve, and for your civic virtue in staying true to our Idaho values.

I'm also proud and humbled to report today the successful and honorable homecoming of the men and women of the Idaho National Guard's 116th Cavalry Brigade Combat Team.

We also recently welcomed home about 100 Idahoans who were deployed to Iraq with the Army Reserve's 391st Engineer Company.

But it is my solemn duty to report that two of our courageous war fighters with the 116th Armored Cavalry lost their lives defending freedom during 2011 in a country half a world away.

I ask that you keep Specialist Nathan Ryan Beyers, Specialist Nicholas Wayne Newby and their loved ones in your thoughts and prayers as you continue your work.

Along with Staff Sergeant Jason Rzepa- who was wounded and received the Purple Heart - they were among more than 15-hundred Idaho members of the 116th who put their lives on the line for us.

And they weren't alone.

Specialist Robert Dyas of the 1st Infantry Division; Corporal Devin Daniels of the 82nd Airborne, and Corporal Ryan Sharp of the 1st Infantry Division each gave the last full measure of devotion in defense of liberty during 2011.

They were our sons and our fathers, our brothers and our teachers, our students and our friends. They each will be sorely missed.

Now most of our valiant soldiers are home, once again helping make Idaho the best place in the world to live, to work and to raise a family.

Unfortunately, that's not yet true of Sergeant Bowe Bergdahl of Hailey. He remains in the captivity of a Taliban-supported terrorist network in Afghanistan.

I know you join me in continuing to pray for his safe release and speedy return home.

Among those troops who have returned home, grateful for their freedom, far too many did so without a job.

That will change, because it must change. I believe we all can agree that these men and women have faced too much hardship fighting abroad for us to ask them to face more hardship back here at home.

And so I am pleased to report to you today that the Department of Labor, the Division of Veterans Services, the Military Division, the Department of Commerce, the Department of Education and all State agencies are joined in the task of addressing that challenge.

Ladies and gentlemen, the Hire One Vet effort is more than the right thing to do.

It is our responsibility to ensure that our troops have the tools they need to resume their productive civilian lives.

So I encourage you to help however you can, and to continue making good on our shared commitment to those who safeguard our country's future.

Their plight is our plight. And their success is our success. I cannot put it any plainer than that.

Those veterans, and our children, are at the heart of the Idaho I want to see by the end of my second term as your Governor.

I want to see an Idaho that is more independent, dynamic, diverse, and built on a foundation of freedom, personal responsibility and public accountability.

I want to see an Idaho focused not on scarcity or what we lack, but on a more prosperous and hopeful future for all of us.

It's with that Idaho in mind that I set my top two budget and policy priorities for 2012 and this legislative session.

And the reality is, those two priorities are inseparable - jobs and education.

Almost everything we do this year will have an impact on those two priorities, which I'm confident you share.

But let's talk first about the philosophy that underpins those priorities - the philosophy that has seen us through one of the worst economic downturns in American history.

About 14 months ago the people of Idaho elected us with the understanding that we would make economic growth and the creation of more career opportunities the centerpiece of our State government agenda.

They entrusted us to deliver on our pledge to bring them a more efficient, effective and smaller State government - and to protect Idaho's hard-working taxpayers.

Our citizens expressed strong support for our emphasis on government doing more with less - as they have done - and our steadfast focus on living within the people's means.

They embraced our ideas, encouraged our efforts, and recommitted along with each of us to putting the politics of the past in the past.

And they endorsed our opposition to federal programs and policies aimed at: Imposing greater burdens on taxpayers, locking up our natural resources with regulatory roadblocks, imposing top-down mandates, and creating one-size-fits-all government "solutions" to our challenges.

Thanks to your leadership and an understanding of our constituents' needs that I believe only citizen legislators can possess, the result is a State government that does not face - and will not face - the staggering deficits, layoffs, shutdowns, tax increases and other problems that are plaguing many other states.

But keeping our head above water in difficult times isn't good enough - not for us, and not for the people of Idaho.

We are not here just to get by. ... We are here to help enable the people we serve to get ahead!

My three broad priorities when voters first elected me Governor were to: Encourage economic opportunity, Ensure responsible government, and Empower Idahoans to be the architects of their own destiny.

Those remain the foundation of my approach to this job. But circumstances have converged to raise the stakes.

You will continue to see my administration focus on re-establishing the proper role of State government in our lives.

And you will continue to see our extraordinary Idaho independence and self-reliance assert itself in response to federal intrusions on our sovereignty and liberties.

But you also will see a greater emphasis on ensuring the efficiency and prudent frugality that we've established in every agency of State government during the past three years become standard procedure.

What we had to do then will become our new normal going forward.

And you will see a greater emphasis on building innovative public-private partnerships that leverage our limited resources toward advancing and achieving our shared goals.

That's especially true when it comes to fulfilling the benchmarks of Project 60, putting more of our 65,000 unemployed Idahoans back to work, and preparing our citizens to fill more of the 18,500 jobs that now remain vacant in Idaho.

That's not just jawboning or wishful thinking. We're taking concrete steps to address the fact that employment growth - a lagging economic indicator - has been "lagging" far too long.

Unemployment is slowly starting to decline. We've seen some good news in recent months, with our jobless percentage at its lowest rate in two years.

But unemployment remains at an unacceptable level.

And while what government can do is limited - as it should be - we can and will do a better job of reaching out to our businesses and employers as partners in this effort.

That starts at the top, and now Project 60 has a new ramrod. Jeff Sayer has taken over as Department of Commerce director.

He brings with him a wealth of private-sector entrepreneurial experience, as well as renewed energy, enthusiasm and commitment to actively engaging with the people who make our economy and our communities work.

And it's already making a difference.

Jeff is joining Roger Madsen at the Department of Labor, Bill Deal at the Department of Insurance, Brian Ness at the Transportation Department, Celia Gould at the Department of Agriculture, Gavin Gee at the Department of Finance, our colleges and universities and others to provide employers, job seekers and businesses looking to grow with the tools they need to succeed.

Jeff and Roger in particular also are working closely with local economic development professionals and community leaders all over Idaho.

Their job is ensuring that we are fully prepared to take advantage of economic opportunities, and create even more - with a well-trained and motivated workforce, targeted infrastructure investments and minimal government red tape.

They understand that the role of government - effective government - is not to create dependency, but rather to facilitate opportunity.

Is that the right path forward? Ask the hundreds of people who will be working for the new Chobani Greek yogurt plant being built in Twin Falls.

In fact, ask anyone benefiting from the incredible economic growth and increasing business diversity being made possible by the success of our Idaho dairy industry.

Ask the hundreds of Idaho citizens who are drawing paychecks and paying taxes as a result of growth at on Semiconductor in Pocatello, or the new Allstate regional customer service center in Chubbuck.

Ask any of the employees or supporting businesses benefiting from the growth of Ground Force Manufacturing in Post Falls or it's new under Ground Force expansion.

Ask Scentsy, or any of the health science, research and technology businesses choosing to expand into The CORE in Meridian.

Other great Idaho companies like:

MetaGeek in Boise, Dynamis in Eagle, and PNW Arms in Potlatch also have the potential to substantially change our economic landscape.

Those examples, and many more, are tangible results of Idaho's entrepreneurs stepping up and expressing confidence in our future.

And the key to their willingness to stake their future on Idaho is the degree to which we make a commitment to being partners for progress.

Partnership is the key to a new program you'll be hearing more about in the weeks and months to come.

It's called IGEM, for Idaho Global Entrepreneurial Mission.

It's patterned on successful programs in Utah and Virginia. A similar concept is being applied in Colorado, and industry increasingly is wrapping its arms around the idea.

So we're not reinventing the wheel here. In fact, our agriculture industry has had similar programs in place for years.

We're just perfecting it for our universities, our communities, and more of our Idaho businesses.

IGEM involves industry, entrepreneurs, higher education, the Idaho National Laboratory and the Center for Advanced Energy Studies.

Together, their focus will be on creating value on our campuses that will:

Help our existing businesses grow, nurture the startup of new businesses, and create more jobs and opportunities for Idaho.

That will require a genuine commitment, some targeted investment and - perhaps most importantly - a significant cultural change in how our universities approach research and working with industry.

I appreciate our university presidents and the State Board of Education for partnering with us in that process.

And I urge you to act decisively in support of the legislative efforts that IGEM will require. That includes funding collaborative research aimed at job creation.

Public schools throughout Idaho also are undergoing cultural and technological changes as we continue implementing the Students Come First reforms that you approved last year.

I'm committed - along with Superintendent Luna - to ensuring the success of those reforms.

That's why my budget calls for fully funding Students Come First, including its technology and pay-for-performance elements.

The modest but targeted and responsible General Fund increase I'm proposing for public schools is the right path forward. It will help our limited taxpayer resources go farther and make our K-through-12 education system more effective and customer-driven.

Most importantly, fully funding Students Come First will help ensure the success of our Idaho students in an increasingly complex, connected and competitive global marketplace.

Preparing Idaho students for the wider world and for reaching their greatest potential right here at home is a constitutional responsibility for State government.

And like supporting our veterans, it also happens to be the right thing to do - for our families, our communities, our economy, and our future.

When it comes to education, we cannot rely on the policies of the past to prepare our children for the possibilities of the future.

That's why I'm additionally proposing to fully fund the cost of enrollment growth going forward at our universities, colleges and community colleges.

And it's my recommendation that we fully fund the cost of moving into and operating new facilities on those schools' campuses.

In that way we'll be addressing the top priorities identified by the presidents at those institutions.

Now I'd like to say a few words about our community colleges.

Specifically, I want to mention an extraordinary example of collaboration between North Idaho College, the College of Southern Idaho and the College of Western Idaho.

As you know, there is a pressing need for more workforce training.

In fact, the explosive growth of demand here in the Treasure Valley prompted the presidents and board chairs at NIC and CSI to actually defer their share of an additional \$1 million in proposed funding for Fiscal 2013.

They said they would rather see the extra money go to the College of Western Idaho, which as you know is one of the fastest-growing community colleges in our nation's history.

So with gratitude for their selflessness and appreciating their foresight, I'm honoring that request in my budget recommendation.

Ladies and gentlemen, I was at St. Maries High School a few weeks ago to mark the statewide completion of our Idaho Education Network's Phase One efforts.

All 194 Idaho high schools now are connected to the IEN - almost a year ahead of schedule and 16 percent under budget.

In St. Maries, Principal John Cordell and Superintendent Joseph Kren have been champions of using technology and distance learning to improve and expand student achievement.

The culture at St. Maries High - as is the case with so many of our schools throughout Idaho - has been one aimed at enhancing student achievement through a variety of learning options despite their remote and rural nature.

St. Maries already is working with North Idaho College, Lewis-Clark State College and other curriculum providers to demonstrate that the possibilities are limitless with an innovative and open mind.

And there are plenty of those throughout Idaho, eager for the chance to expand their horizons as our Students Come First efforts will enable and empower them to do.

Like our students, Idaho's State government also must be prepared for the challenges ahead.

Your understanding of the need to work for the best while preparing for the worst gave us the ability to draw more than \$381 million from our various reserve accounts over four budget years.

Those funds were essential in helping Idaho weather economic hard times without anything like the dislocation and draconian measures that some other states were forced to take.

That money helped us keep our credit rating high and our debt-level low.

It helped us keep our taxes in check and our eyes on emerging from this extended downturn with a balanced and structurally sound budget.

And we all know that's a pre-requisite for the growth and renewed prosperity we need.

That's why the budget I'm submitting to you proposes to begin refilling our reserve accounts in preparation for the next unforeseen "rainy day."

My Executive Budget calls for setting aside a total of \$60 million in the Public Education Stabilization Fund, the Budget Stabilization Fund, and the new Higher Education Stabilization Fund.

That will help us maintain the kind of fiscal stability, certainty and responsibility that Idahoans deserve and employers look for in their State government.

And that's what Idaho citizens will keep getting under my administration, with your help and continuing support.

By contrast, that's not what the American people are getting from Washington, D.C.

Despite the hard work of our fine congressional delegation, Idaho's brightest spot on the federal level in 2011 was doing what the courts refused to do.

Congressman Mike Simpson deserves our praise and our thanks for his successful legislation restoring State management of wolves.

It helps that Mike was a former Speaker of this House.

With that experience, and his growing influence in Congress, he knows what it takes to get things done that reflect the priorities and needs of the people back here at home.

I'm proud that we are represented in Washington, D.C. by four experienced legislators who served with distinction in this building.

On the other end of the spectrum, as you know, the Obama administration's so-called "Patient Protection and Affordable Care Act" mandated establishment of a health insurance exchange in each state.

I have struggled with the federal imposition of this mandate - in part because Idaho was exploring ways to create its own market-based health insurance exchange long before the federal law was adopted.

Still, last September, I allowed State agencies to apply for a grant to prepare for the federal law while we continue fighting it in court.

My decision to allow the application to be submitted simply preserved the opportunity for you and all Idahoans to discuss our options and decide what's best for our citizens.

In the next few weeks we will continue to have those discussions - weighing all our options and the potential outcomes associated with each of them.

But it's also important to remember that those discussions will be taking place in the context of the U.S. Supreme Court agreeing to consider the lawsuit that Idaho and 25 other states filed to protect the 10th Amendment rights of Idaho - and of the people - to choose.

My goal is to collaborate with you today on a principled path forward, so we're prepared for the health care environment that we'll have tomorrow.

I look forward to hearing from you - and the people we serve - about our State role in ensuring that environment makes health care more accessible and affordable for all Idahoans.

Of course, health care is only one of the challenges that lay ahead for us.

We have little control over the vagaries of the world and national economy.

But we can ensure that economic opportunity finds a welcoming home here in Idaho.

Ladies and gentlemen, that's why I'm proposing that we set aside \$45 million for tax relief in Fiscal 2013.

I have been discussing the form of that tax relief for some time now, with legislative leaders, business groups, tax experts and our citizens.

There remains a wide diversity of opinion on how best to target tax relief.

There are plenty of ideas, and just as many ways for us to crunch the numbers.

But there's also broad consensus on the need to reduce the burden both on our hard-working taxpayers and on those employers who are looking for opportunities to grow our economy while creating careers and livelihoods.

I look forward to hearing your proposals and working with you on responsible and forward-looking ways to keep more of our taxpayers' money in their pockets - where it will do our communities and our people the most good.

Beyond Idaho's borders, we are not tasked with addressing the shortcomings of the national administration or the consequences of its inaction and misplaced priorities.

What we can do - and all we should seek to do - is set the best example possible of prudent, responsible, responsive and effective State government.

We can nurture and celebrate our private-sector success. We can encourage collaboration and partnership while protecting individual freedom. We can foster and remove impediments to opportunity. And we can seek to more equitably reward our most valued State employees for continuing in public service.

To that end, I'm proposing that we set aside \$41 million from the General Fund in Fiscal 2013 to reward our most deserving employees - including our public school teachers.

But that reward should be structured in such a way that it gives management as much flexibility as possible.

It also should be in the form of one-time payments, and it should be conditioned on tax revenues meeting our projections.

Before I go on, I'd like to take just a moment to recognize and offer my personal thanks to a long-time public servant who has been a mentor, a leader and a dear friend for generations of Idahoans.

General Darrell Manning is one of the most committed, conscientious and common-sense people I've ever had the privilege of knowing. He served in both chambers of this Legislature.

He was Idaho's first Transportation Director, and he's been a valued advisor and confidante of Governors and legislators for decades.

His recent decision to retire as chairman of the Idaho Transportation Board leaves a vacuum of knowledge, experience and institutional memory that will be difficult to fill. I am proud to have served by his side, and pleased to know that he will continue to answer my calls for his sage counsel.

General Manning, please stand and be recognized as we applaud your work for the people of Idaho.

With General Manning's support, I also want to announce today that Region 3 Transportation Board member Jerry Whitehead has agreed to take over as chairman effective in February.

I know you join me in welcoming Jerry to this new responsibility.

And I ask you to join me in pledging our support and assistance to Jerry, the Transportation Board and Director Ness as they work as a team to develop plans and priorities for this essential part of our economic infrastructure.

It's been that team concept that has enabled us to refine our State government's processes these past few years.

We've made them more transparent, seamless, responsive and stable.

Most importantly, we have become better stewards of the taxpayers' money.

And that's served to strengthen the foundation on which public confidence is built.

That's what being a laboratory of the republic really means.

And it's what Idaho is perfectly suited to contribute to our national discussion.

Speaking of teams, last summer my staff and I visited with Boise State football coach Chris Petersen.

We asked the coach how he's been able to keep upgrading the Broncos' success on the field.

We asked how he's been able to build a national reputation for excellence with what's considered limited resources by today's college football standards.

What I took away from his answer was this: Focus.

Focus on the challenges at hand. Focus on leveraging your strengths. Focus on improving every day. Focus on what you can control. And focus on helping individual players understand how they can help achieve team goals while reaching their own academic and athletic potential.

That's a pretty good formula for success.

It's a high standard, but one which I know everyone here today is committed to achieving for the people we serve.

Keeping faith with the Idaho way of life we inherited - and which we want to pass on - demands nothing less.

That way of life is characterized by our Idaho values - including our independence, our spiritual strengths, our strong belief in self-determination, and our enduring love of liberty.

Those values in turn are driven by faith in the broader American ideal that we as individuals have both the ability and the responsibility to make our future better than our past.

The responsibility we share as political leaders is to ensure that every individual Idahoan has the opportunity to realize that goal.

To do that, we must be united to overcome common challenges.

We must be consistent in nurturing success, and most of all we must be resolute in protecting our citizens in their efforts.

Ladies and gentlemen let me close today by expressing my sincere gratitude to you for agreeing to be a part of this process.

Thomas Jefferson wrote an 1801 letter that nicely expresses the importance of integrity to the workings of government.

He wrote - and I quote - "Of the various Executive duties, no one excites more anxious concern than that of placing the interests of our fellow citizens in the hands of honest men with understanding sufficient for their station."

And I would add today, "honest women."

My friends, you have the understanding, the perspective, and the love of our State and our nation far more than "sufficient" for your station - and far more than "sufficient" for the challenges of the times in which we live.

Thank you and Godspeed.

Now, let's get to work!

The Speaker thanked Governor Otter for his message.

The committees came forward and escorted the Governor, the Supreme Court Justices, Appellate Court Judges, and the elected officials to their chambers and offices respectively, and were, on their return, thanked and discharged by the Speaker.

On motion by Representative Bedke, seconded by Representative Higgins, by voice vote the State of the State and the Budget Address was ordered spread upon the pages of the House and Senate Journals.

On motion by Representative Bedke, seconded by Representative Moyle, by voice vote the Joint Session was dissolved.

The appointed committee came forward and escorted the Senators from the House Chamber.

The Senate reconvened at 1:56 p.m., pursuant to recess, President Little presiding.

Prior to recess the Senate was at the Eleventh Order of Business, Introduction, First Reading, and Reference of Bills, House Petitions, Resolutions, and Memorials.

On request by Senator Davis, granted by unanimous consent, the Senate advanced to the Fifteenth Order of Business.

#### **Miscellaneous Business**

On motion by Senator Davis, seconded by Senator Malepeai, by voice vote, the Senate adjourned at 2:06 p.m. until the hour of 11:30 a.m., Tuesday, January 10, 2012.

BRAD LITTLE, President

Attest: JENNIFER NOVAK, Secretary